



CEO MESSAGE

**As “a Lifestyle Producer,”
we realize an
environmentally friendly,
sustainable society.**

Representative Director, President and Chief Operating Officer
Kohei Tajima

Mitsuuroko is an environmentally adaptive enterprise

At Mitsuuroko Group, we pride ourselves on being an environmentally adaptive enterprise. Now in its 137th year, the Company’s ability to adapt to changing environments has been crucial to its longevity, even as its core businesses have evolved over the years since its foundation. To ensure the future development of Mitsuuroko Group, it is essential that we continually assess whether we live up to our reputation as an environmentally adaptive enterprise.

Adapt to the environment. It sounds simple enough, but it can be challenging. Even if we proficiently complete one endeavor, it doesn’t guarantee future success. We must continually reassess and improve our strategies from all perspectives to meet our customers’ needs.

Companies must be perpetually sustainable. Our key ability to hand down the Company’s legacy to future generations depends not on our size or power but on our unwavering commitment to adapt and evolve.

Also, the most crucial perspective for an environmentally adaptive enterprise is the customer’s perspective. In Japan, talk of innovation typically refers to technological advancements, but for us, it means adapting and innovating within our environment. Without incorporating the customer’s perspective, innovation is unattainable, and Mitsuuroko Group will not be able to sustain itself and pass on its legacy.

Thinking and acting from the customer’s perspective— understanding his or her feelings, thoughts, and needs— and striving to eliminate pain points are key to staying ahead in providing products and services that meet societal demands.

“Mitsuuroko embraces premium quality,” is our professional slogan on display in our daily interactions. This slogan, consisting of 12 Japanese kana characters, was originally used in our briquette production and shipment management according to my senior. It symbolizes the deep pride we hold in our manufacturing heritage, in our commitment to quality, in producing lifestyles and in our approach to how we live our lives. We are an environmentally adaptive enterprise. The world continues to change. We will evolve for our aspirations. In the next generation, and the generation after. Fifty years from now, and one hundred years from now.

Enhancing corporate value while fulfilling corporate social responsibilities

At the second General Meeting of Shareholders in my Presidency, an investor asked me about the appropriate level of our share price. I remember I replied that minimum responsibility is PBR of one. I have consistently focused on our PBR; however, superficial measures such as share buybacks and temporary increases in dividends are

meaningless. When asked about our corporate social responsibility at another General Meeting of Shareholders, I mentioned employment and tax payment. Mitsuuroko Group employs around 3,700 people, including its part-time and temporary workforce. Without corporate profits there won’t be any salary increase nor tax payment increase. Striving for sales expansion as well as higher profit margin so that we increase employee salaries and provide better benefits. Engaging in such sound corporate practices, I believe, is the most effective and straightforward path toward achieving PBR of one or more. I have remained consistently mindful of the PBR metric given its role as an important benchmark. That said, improvement of performance benchmarks must be the result of fulfilling our essential corporate obligations in order to be meaningful, rather than taking action with the sole intention of achieving higher benchmark values. In that respect, I am convinced that we will be able to achieve higher PBR by remaining mindful of our social responsibilities in terms of employment and tax payment. It is important that we consistently implement measures that encourage our shareholders to reap the benefits of holding the Company’s shares over the long term. We aim for a company that fosters confidence and brings stable investment returns rather than the one that yields speculative short-term returns. We will continue to manage the Company in a way that yields higher returns by implementing long-term growth and business portfolio strategies, amassing net assets and increasing dividends. It is also crucial that we effectively communicate the Company’s appeal, vision, and growth potential in seeking to enhance corporate value.

Initiatives for the six materiality items of Mitsuuroko Group

Mitsuuroko Group practices sustainability management based on six key materiality items: **1 Contribution to the environment, 2 Contribution to local communities, 3 Thorough compliance, 4 Enhancement of safety and disaster response measures, 5 Health-focused management, and 6 Promotion of diversity.**

1 Contribution to the environment

Mitsuuroko Group recognizes the benefits it derives from the Earth, including the resources necessary for its business activities, and accepts the responsibility to preserve and improve the global environment. As a responsible provider, we aim to leverage its regional strengths to maintain and enhance supply infrastructure available even in emergencies, while aligning with the diversifying needs and choices of customers. All of Mitsuuroko Group is engaged in initiatives to achieve a sustainable society through reducing CO₂ emissions, promoting renewable energy, and reducing

fuel consumption. For customers focused on reducing CO₂ emissions, we offer environmentally friendly electricity plans that stipulate the use of renewable energy. In addition, we utilize monitoring information of remote automatic meter readings, and provide a delivery operation streamlining solution that proposes the optimal delivery plans.

While embracing renewable energy sources like solar and wind power ("renewable energy sources") is necessary to achieve carbon neutrality by 2050, such sources are challenging to predict and manage due to their susceptibility to seasonal and climatic variations. Addressing these challenges requires secure "adjustment capability" to stabilize the fluctuating outputs.

At Mitsuuroko Green Energy Co., Ltd., storage cells provide this "adjustment capability," helping balance the generation and demand of renewable energy either by absorbing the excess or compensating shortfall according to the power generation plan, thus stabilizing the power grid. These storage stations also support the management of distributed energy resources and related applications.

Mitsuuroko Green Energy is actively entering markets, like the supply-demand adjustment market and the

capacity market, promotes the use of renewable energy and stabilizes power systems.

2 Contribution to local communities

Mitsuuroko Group's operations have long been supported by many stakeholders. Among this network of support, we must not forget the indispensable role of local communities.

Mitsuuroko Group has historically built relationships of trust with local communities not only through business dealings but also by engaging in activities such as community cleanups, events, charity work and sports. Mitsuuroko Group is committed to thriving along these communities by actively participating in initiatives that support them as a responsible corporate citizen.

3 Thorough compliance

In our management philosophy, Mitsuuroko Group mandates conducting business with integrity and from the customer's perspective, underscoring the necessity of legal compliance. While thoroughly conducting effective and appropriate internal controls, we maintain our legal compliance practices through various types of

compliance training, original training videos on non-compliance cases, and compliance cards carried by employees.

4 Enhancement of safety and disaster response measures

Safety is an indispensable element of all the businesses Mitsuuroko Group promotes. With its mainstay energy-related products directly linked to our lifelines, Mitsuuroko Group's mission is to contribute to society through the stable energy supply as well as safe, secure, and prompt logistics services.

As a BCP measure, Mitsuuroko Creative Solutions Co., Ltd. opened the Nagano Office, Mitsuuroko Administration Center in Nagano-shi, Nagano, in July 2022, complementing the existing Mitsuuroko Administration Center in Saitama-shi, Saitama, a shared services division in Mitsuuroko Group. While we continue to upgrade and streamline our operations that have been dispersed throughout the Group companies, opening of Nagano Office has established a system that works around the risk of interruption in our operations upon disaster caused by excessive centralization, thereby ensures business continuity. When Saitama operation becomes unfunctional, we'd activate BCP program and shift to pre-determined emergency operations.

5 Health-focused management

Recognizing that human resources are our most valuable asset and a source for future growth, Mitsuuroko Group regards employee health management as a critical management issue. Based on the "Mitsuuroko Group Health Care Declaration," we respect the individual life stages of our employees and support their autonomous and active healthcare management through a variety of initiatives and information dissemination.

6 Promotion of diversity

Mitsuuroko Group has grown in a value to capitalize on the demand of the times as an "environmentally adaptive enterprise," and valued to change itself according to the times. Going forward, we should rather propose and create new and better environments to achieve sustainable growth than catching up and adapting ourselves to our surroundings. It is therefore essential that Mitsuuroko Group fosters a corporate culture that embraces diversity as a strength, creating an environment that does not discriminate based on employment status, nationality, gender, age, religion, or whether one is a new graduate or mid-career hire. Mitsuuroko Group aspires to shaping a new era by being "an enterprise that initiates favorable cycles" and "persistently seeking change."

Addressing a changing social environment

In our Group management philosophy we state "As a Lifestyle Producer, we consistently conduct our business with integrity and from the customer's perspective." Our aim is to enhance services related to everyday lifestyles centered on energy. Beyond expanding new services from the consumers' perspective, we continue to contribute to conservation of the global environment by utilizing natural renewable energy and promoting the installation of energy-saving housing equipment. With our energy products we continually enhance our safety initiatives in delivering "safety and security" as our top priority and fulfill our corporate social responsibility under legal compliance in our business activities. Up until now, Mitsuuroko Group has taken up challenges without fear of failure while sensing changes in society and customer needs and transforming ourselves as we look ahead to the future. What we can do, and our mission is to build our efforts to fulfill lifestyles, bring joy to our customers, and bring smiles to people's faces in order to pave the way for the future.

We operate amidst unprecedented changes in social landscape and business environment. Under these circumstances, we are called on to become a truly environmentally adaptive enterprise to achieve sustainable business growth. We set "Mitsuuroko Great Reset" as a focus of our basic policy and action plan to persistently furnish people worldwide with value distinctive to Mitsuuroko Group while adhering to our management philosophy. Under this focus we reassess and revamp every aspect of our operations to achieve our Mitsuuroko Group vision.

The keyword at the heart of our activities is "SOLA." SOLA is an acronym that we created, standing for Simple, Organic, Live, and Advanced. While embracing these concepts of SOLA, we work to improve the self-refinement capabilities of our businesses, organizations, and thinking so we can foster revitalization and sustainable growth to transform Mitsuuroko Group into a stronger, more appealing company.

